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3:99-CV-00351 HEWLETT PACKARD V. MUSTEK SYSTEMS INC

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Mustek Systems, Inc. and Mustek, Inc.

12 IN THE UNITED STATES DISTRICT COURT
13
14 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

15 HEWLETT-PACKARD COMPANY,
a California corporation,
16 Plaintiff,

17 v.

18 MUSTEK SYSTEMS, INC., a
Taiwanese company, and
19 MUSTEK, INC., a
California corporation,
20 Defendant.

21 MUSTEK SYSTEMS, INC., a
22 Taiwanese company, and
MUSTEK, INC., a
23 California corporation,

24 Counterclaimants,

25 v.

26 HEWLETT-PACKARD COMPANY,
a California corporation,

27 Counterdefendant.
28

Civil Action No.
99-CV-0351 RHW (RBB)

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
DEFENDANTS' MOTION IN
LIMINE TO EXCLUDE
REFERENCE TO ANY
STATEMENT, ALLEGED
FINDING OF FACT, OR
RULING IN THE COURT'S
SUMMARY JUDGEMENT ORDERS**

[No. 3 of 7]

PRE-TRIAL CONFERENCE:

Date: June 18, 2001
Time: 10:00 a.m.
Crtrm: (telephonic)

The Honorable
Robert H. Whaley

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1 **I. INTRODUCTION AND BACKGROUND**

2 At trial, Hewlett-Packard Company ("HP") is expected to
3 refer to various statements, alleged findings of fact, or
4 rulings in this Court's summary judgment orders as evidence
5 that Defendants Mustek Systems, Inc. and Mustek, Inc.
6 (collectively, "Mustek") have infringed HP's patents, that
7 HP's patents are not invalid, or merely to undermine Mustek's
8 credibility by showing that the Court has ruled against Mustek
9 on certain issues.

10 HP is especially apt to refer to the Court's Order of
11 April 13, 2001, wherein the Court: (1) denied Mustek's motions
12 for summary judgment of non-infringement and invalidity of the
13 '878 patent; (2) denied Mustek's motion for summary judgment
14 of invalidity of the '635 patent; and (3) granted HP's motion
15 for reconsideration of the Order granting Mustek's motion for
16 summary judgment of non-infringement of the '635 patent, and,
17 as a result, finding that Mustek literally infringes Claim 1
18 of the '635 patent. Any reference by HP to such rulings, or
19 to any of the Court's statements in support thereof, would
20 clearly be improper under FRE 403. All of the Court's Orders
21 would only confuse the issues, mislead the jury, and unfairly
22 prejudice Mustek.

23 **II. THE COURT'S SUMMARY JUDGMENT ORDERS SHOULD BE**
24 **EXCLUDED AS PREJUDICIAL, CONFUSING, AND MISLEADING**
25 **UNDER FEDERAL RULE OF EVIDENCE 403**

26 The Court's statements in the summary judgment rulings
27 would be confusing and misleading to the jury, and would
28 severely and unfairly prejudice Mustek.

1 **A. The Jury Might Give the Court's Opinions Too Much Weight**

2 The jury is apt to give exaggerated weight to any
3 statements in this Court's summary judgment orders.¹ The jury
4 may accept all of the Court's statements as unquestionably
5 true, including alleged findings of fact, without doing any
6 fact-finding of its own.² Moreover, such references could be
7 used as springboards for the jury merely to find invalidity
8 and infringement, under the mistaken belief that such
9 conclusions are supported by this Court's seal of approval.³
10 Thus, while Mustek is willing to have this Court instruct the
11 jury that Mustek does not contest infringement of the '635
12 patent, such instruction should not in any way indicate that
13 this Court previously found infringement of Claim 1 of the
14 '635 patent.

15 Courts have held that the probative value of previous
16 summary judgment orders, including statements in support
17 thereof, are outweighed by their prejudicial effect. For
18

19 ¹ See Greycas, Inc. v. Proud, 826 F.2d 1560, 1567 (7th
20 Cir. 1987) (explaining judicial policy of preventing juries
21 from hearing about statements made by courts because juries
22 would probably give undue weight or credence to those
statements especially when those statements were made by the
judge presiding at trial).

23 ² See Mendenhall v. Cedarapids, Inc., 5 F.3d 1557, 1574
24 (Fed. Cir. 1993) (ascertaining that a judicial opinion from
another case should not be used to influence the jury's fact-
finding mission).

25 ³ See Century Wrecker Corp. v. E.R. Buske Mfg. Co., 898
26 F.Supp. 1334, 1343 (N.D. Iowa 1995) (finding that the
27 prejudicial value of prior summary judgment ruling of
28 infringement upon the jury's decisions was excessive because
the jury could conclude on the basis of infringement, that the
patent was also valid).

1 instance, in Century Wrecker Corp. v. E.R. Buske Mfg. Co., 898
2 F.Supp. 1334, 1343 (N.D. Iowa 1995), the court excluded
3 evidence of a previous summary judgment ruling, in which the
4 court had found infringement of the patents at issue, because
5 that prior ruling would have an excessive prejudicial effect
6 on the jury's decisions on the remaining issues. Recognizing
7 that the jury did not need to know of the court's infringement
8 finding, the court excluded the previous summary judgment
9 ruling because the jury could conclude, for instance, "on the
10 improper basis of the court's prior finding of infringement as
11 a matter of law, that the patents infringed must be valid."
12 Id. at 1345.⁴

13 In Century Wrecker, the court cited several cases in
14 support of its basis for excluding the previous summary
15 judgment order. Id. at 1343. In United States v. Jones, 29
16 F.3d 1549, 1554 (11th Cir. 1994), the Eleventh Circuit held
17 that a judicial order was inadmissible hearsay. In Nipper v.
18 Snipes, 7 F.3d 415, 417 (4th Cir. 1993) the Fourth Circuit
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20 ⁴ On reconsideration, the court recognized that the jury
21 needed to know of the finding of infringement. Therefore, the
22 court advised the jury that it had decided, in proceedings
23 prior to trial, that the defendants' products infringed and
24 explained, in strongest possible terms, that the court's
determination of infringement had no bearing on how the jury
should decide any of the issue before it. Century Wrecker, 898
F. Supp. at 1348.

25 In the present case, the jury does not need to know that
26 this Court found infringement of Claim 1 of the '635 patent.
Mustek did not dispute infringement of claim 1 until this
27 court construed it on summary judgment, which the court has
subsequently revised to encompass the Mustek scanners.

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1 vacated a judgment ordering a new trial, because admitting
2 findings of fact made in another case into evidence was an
3 abuse of discretion. In Carter v. T. Burch, 34 F.3d 257, 265
4 (4th Cir. 1994), the Fourth Circuit affirmed a judgment
5 excluding another judge's opinion and any testimony referring
6 to it because the opinion was inadmissible hearsay. In view
7 of the authority above, reference to statements, alleged
8 findings of fact or rulings in the previous summary judgment
9 orders would not only unfairly prejudice Mustek, but may also
10 run afoul of the hearsay rule.

11 **B. The Jury Might Not Understand That Completely Different**
12 **Legal Standards Apply To Summary Judgment and Trial**

13 The jury might not appreciate that the movant on summary
14 judgment must meet the very high burden of showing that there
15 is no genuine issue as to any material fact and that the
16 movant is entitled to judgment as a matter of law.⁵ Nor would
17 the jury understand that the non-movant on summary judgment,
18 unlike the plaintiff at trial, is entitled to all favorable
19 inferences on any disputed factual issue.

20 It would be difficult to fully explain these principles
21 to the jury. If HP were permitted to mention that this Court
22 has denied Mustek's motions on the '635 and '878 patents, the
23 jury might improperly assume that Mustek's defenses are weak
24 or legally unjustified. On the other hand, if the Court were
25 to explain the high standard for summary judgment, the jury
26 might unfairly believe that HP's case on the '635 patent is

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28 ⁵ Fed.R.Civ.P. 56(c)

1 indisputable because HP has received summary judgment of
2 infringement (even though patent validity remains for trial).

3 **C. Mustek Might Lose Credibility Before The Jury Due To**
4 **The Court's Adverse Rulings**

5 The jury cannot be expected to understand the complicated
6 procedural history of this case; nor is it required to do so.
7 The jury might incorrectly perceive that Mustek has taken
8 inconsistent positions regarding infringement of the '635
9 patent, and discredit Mustek's evidence and arguments on other
10 issues as well. It would be difficult to explain that,
11 although Mustek did not even contest infringement of the '635
12 patent in its opposition to HP's Motion for Preliminary
13 Injunction, Mustek later requested (and initially was granted)
14 summary judgment of non-infringement after this Court narrowly
15 construed the claims.

16 The jury might not understand that Mustek has not taken
17 inconsistent positions, **but has merely responded to a**
18 **developing interpretation of the '635 patent claims by the**
19 **Court.** The danger of jury confusion would be avoided by
20 simply preventing HP from introducing the Court's Orders.

21 **D. The Jury Might Incorrectly Assume That The Court's Order**
22 **Suggests That Mustek Has Committed Willful Infringement**

23 Without understanding the very complex procedural history
24 of this case, the jury might infer from the Court's Order that
25 the issues underlying HP's infringement allegations on the
26 '635 patent are clear and that Mustek had no reasonable basis
27 to believe it did not infringe any valid patent claims.

28 / / /

1 It would be very difficult, and wasteful of precious
2 trial time, to attempt to explain the many procedural turns in
3 this case and to demonstrate to the jury that Mustek has had,
4 and does have, an exceptionally reasonable basis to believe it
5 does not infringe any valid claim of either of HP's patents-
6 in-suit. The risk of such confusion would be eliminated, or
7 at least minimized, by simply preventing HP from introducing
8 any evidence of the Court's summary judgment rulings.⁶

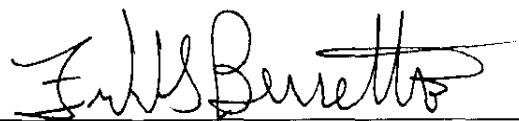
9 **III. CONCLUSION**

10 For the foregoing reasons, the Court should exclude
11 reference to any statement, including any alleged findings of
12 fact, within any of this Court's summary judgment orders.

13
14 Respectfully submitted,

15 KNOBBE, MARTENS, OLSON & BEAR, LLP

16
17 Dated: May 25, 2001

18 By: 

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24 Attorneys for Defendants

25 Mustek Systems, Inc., and

26 Mustek, Inc.

27
28 ⁶ Of course, Mustek intends to introduce this Court's
Order denying HP's Preliminary Injunction Motion to rebut HP's
charge of willful infringement. In that Order, the Court held
that HP was not likely to succeed on the merits at trial, and
thus underscored Mustek's reasonable basis to believe that it
did not infringe any valid claim. Mustek will not use the
Order to prove the truth of the matter asserted, but rather to
show Mustek's state of mind, and thus it would not be hearsay
when offered for that purpose.

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